

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/14): BUTTER: Grade AA closed at \$1.0050. The weekly average for Grade AA is \$1.0133 (-.0825).

CHEESE: Barrels closed at \$1.1225 and blocks at \$1.1400. The weekly average for barrels is \$1.1245 (-.0055) and blocks, \$1.1410 (-.0235).

NONFAT DRY MILK: Extra Grade closed at \$0.8950 and Grade A at \$0.9000. The weekly average for Extra Grade is \$0.8950 (-.0280) and Grade A, \$0.9000 (N.C.).

BUTTER: The butter market is weak. At midweek, the cash price at the CME dipped under \$1.00. This was the first time since March 2000 that the cash price has been below the one dollar level. Cream volumes are heavy across the country, although production of ice cream and other Class II products is absorbing increasing volumes of available cream. Current butter production continues to surpass demand thus inventories are increasing. Overall butter demand is fair at best with most orders being placed for short term or limited needs. Producers and handlers feel that orders will remain limited as long as market conditions remain weak.

CHEESE: The cheese market is weak. Current offerings continue to exceed orders and inventory continues to accumulate at many locations. Cheddar blocks and mozzarella/pizza cheese generally seem to be in the longest position currently. On Wednesday (6/12), the current CME cash block price dropped below the CCC (support) purchase price of \$1.1314 per pound for the first time since early February 2001. Near support, buyer downside price risk is minimal. Cheese production is seasonally active though some plants are starting to reduce schedules slightly. Demand for spot milk supplies is limited in some areas.

FLUID MILK: Seasonal weather patterns across the country are impacting milk production trends. Except for the southern most tier of states, milk output is at or very near peak levels from coast to coast. Often, manufacturing plant capacities are being stretched to capacity levels to process all of the available milk at this time. Schools continue to recess for the summer, decreasing Class I demand in most areas. In the Eastern part of the country, favorable temperatures, coupled with some heavy rainfall, are keeping milk production at or very near peak levels. In southern areas, milk output is on the down side of the seasonal high. Often, in states of declining production, the volumes of milk are heavier than last year at this time and remain heavier than anticipated. In California, output is off slightly in southern areas and the Central Valley, while showing signs of continued growth further north. In the Northwest, milk output remains strong.

DRY PRODUCTS: Skim milk powder markets across the country are mixed. Producers and handlers in the Central and Eastern parts of the country report prices as steady to firmer while Western prices remain weak. In all areas, current production continues to surpass demand and large volumes of surplus powder continue to clear to CCC. Production schedules are slightly lower in Eastern areas as milk production edges lower due to warmer temperatures

while remaining very strong in the West. Late Friday afternoon June 14, USDA will release to the public the outcome of the first round of sellback of government owned skim milk powder for casein/caseinate production. Information is available at: <ftp://ftp.fsa.usda.gov/public/dairy/default> Buttermilk markets are lackluster and weak. Powder production schedules are seasonally active and higher than anticipated as cream continues to flow to the butter churn. Stocks of buttermilk powder remain heavy for the light buyer interest. Whey markets are mixed with prices higher and lower depending from which area of the country it is being generated. Stocks remain heavy at many locations and production is heavier than anticipated for this time of the year, although some Eastern producers are indicating that they are unable to offer supplies on a spot basis.

CCC: For the week of June 10 - 14, CCC purchased 19,366,248 pounds of NDM. A total of 1,991,579 pounds originated from the East, 1,706,650 pounds from the Midwest, and 15,668,019 pounds from the West.

APRIL FLUID MILK SALES (AMS, CDEA): During April, about 4.3 billion pounds of packaged fluid milk products were sold in Federal milk orders and California. This was 2.9% higher than April 2001. After adjusting for calendar composition, sales in April 2002 were 0.1% lower than April 2001. On an individual product basis, sales of whole milk, reduced fat (2%) milk, low fat (1%) milk, and fat-free (skim) milk increased from April 2001, while sales of buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a positive impact on the change in sales from April 2002 compared to April 2001. Cumulatively, for the first four months of the year, fluid milk sales total 17.1 million pounds (adjusted for calendar composition), 0.1% lighter on a year to date basis.

JUNE MILK SUPPLY AND DEMAND ESTIMATES (USDA, WAOB): Milk production in 2002/03 is raised fractionally from last month. Milk fat use has been weaker than expected and commercial dairy stocks are expected to grow. High cheese production has resulted in large supplies of whey, which, coupled with weak exports and weak demand for skim solids, are expected to result in lower prices for Class III components. As a result, the forecast for Class III milk prices is reduced to \$11.20-\$11.40 per cwt. in 2001/02 and \$10.60-\$11.60 per cwt. in 2002/03. Class IV prices are also lowered in both 2001/02 and 2002/03 as skim solids demand remains weak. CCC removals of nonfat dry milk are raised for both years. The all milk price forecasts for 2001/02 and 2002/03 are lowered.

MARCH MAILBOX PRICES (DAIRY PROGRAMS): In March 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$12.39 per cwt., \$0.52 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$15.13 in Florida to \$11.30 in Utah. In March 2001, the Federal milk order all-area average mailbox price was \$13.79, \$1.40 higher.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 10	TUESDAY JUNE 11	WEDNESDAY JUNE 12	THURSDAY JUNE 13	FRIDAY JUNE 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1275 (N.C.)	\$1.1275 (N.C.)	\$1.1225 (-.0050)	\$1.1225 (N.C.)	\$1.1225 (N.C.)	-.0050	\$1.1245 (-.0055)
40# BLOCKS	\$1.1475 (-.0100)	\$1.1475 (N.C.)	\$1.1300 (-.0175)	\$1.1400 (+.0100)	\$1.1400 (N.C.)	-.0175	\$1.1410 (-.0235)
NONFAT DRY MILK							
EXTRA GRADE	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	N.C.	\$.8950 (-.0280)
GRADE A	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	N.C.	\$.9000 (N.C.)
BUTTER							
GRADE AA	\$1.0450 (-.0425)	----	\$.9900 (-.0550)	----	\$1.0050 (+.0150)	-.0825	\$1.0133 (-.0825)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGEFRIDAY, JUNE 7, 2002 **TRADING CORRECTION TO INCLUDE GRADE A OFFERS**

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$.8950, 5 CARS GRADE A @ \$.9000

MONDAY, JUNE 10, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1475, 1 @ \$1.1525, 1 @ \$1.1575

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$.8950; 5 CARS GRADE A @ \$.9000

BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.0475, 1 @ \$1.0500, 1 @ \$1.0450; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.0850, 1 @ \$1.1025, 2 @ \$1.1050

TUESDAY, JUNE 11, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1575

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$.8950; 5 CARS GRADE A @ \$.9000

WEDNESDAY, JUNE 12, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1225; 1 CAR 40# BLOCKS @ \$1.1300

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 5 CARS EXTRA GRADE @ \$.8900; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$.8950; 5 CARS GRADE A @ \$.9000

BUTTER — SALES: 16 CARS GRADE AA: 1 @ \$1.0375, 1 @ \$1.0350, 2 @ \$1.0325, 1 @ \$1.0300, 1 @ \$1.0275, 1 @ \$1.0300, 1 @ \$1.0250, 1 @ \$1.0275, 1 @ \$1.0325, 1 @ \$1.0300, 1 @ \$1.0200, 1 @ \$1.0150, 1 @ \$1.0125, 1 @ \$1.0000, 1 @ \$0.9900; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$0.9800, 1 @ \$0.9700, 1 @ \$0.9600, 1 @ \$0.9500; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.0150

THURSDAY, JUNE 13, 2002

CHEESE — SALES: 8 CARS 40# BLOCKS: 1 @ \$1.1400, 1 @ \$1.1375, 1 @ \$1.1450, 1 @ \$1.1400, 1 @ \$1.1425, 1 @ \$1.1375, 1 @ \$1.1400, 1 @ \$1.1425; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1225; 2 CARS 40# BLOCKS: 1 @ \$1.1400, 1 @ \$1.1450

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$.8950; 5 CARS GRADE A @ \$.9000

FRIDAY, JUNE 14, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1225

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$.8950; 5 CARS GRADE A @ \$.9000

BUTTER — SALES: 4 CARS GRADE AA: 1 @ \$1.0050, 1 @ \$1.0100, 1 @ \$1.0025, 1 @ \$1.0050; BIDS UNFILLED: 12 CARS GRADE AA: 1 @ \$1.0000, 1 @ \$0.9975, 1 @ \$0.9950, 1 @ \$0.9925, 4 @ \$0.9900, 1 @ \$0.9875, 2 @ \$0.9850, 1 @ \$0.9800; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0050, 1 @ \$1.0500

BUTTER MARKETS**NORTHEAST**

The market tone remains weak. Cream volumes are somewhat tighter this week for churning needs, as cream handlers report that the surplus volumes of past weeks are not as available. Handlers have mixed opinions as to the decline of cream volumes. Some state that fat tests on incoming milk are lower, less cream being generated from standardizing as school milk demand declines, and seasonal demand for cream for other cream based products improves. With the calendar indicating that June is nearly half over, cream handlers are quite surprised at the overall slow demand for cream for ice cream production this year. Butter demand remains fair at best. Buyers continue to place truck lot orders, although some producers and handlers are reporting more LTL sales this summer versus other years at this time. Stocks of butter remain readily available for retail and food service needs. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

Butter markets are weak. At midweek, the AA cash price at the CME dipped under the \$1.00 level, the first time since mid March 2000. The current cash price is nearly \$1.00 lower than last year at this time. Not as many producers and handlers are talking about a possible butter/powder support tilt, thus more are indicating that the market is reacting to slow demand and heavy inventories. Churning schedules remain seasonally heavier than many producers anticipated for this time of the summer. Up to this point, cream volumes have been readily available

at competitive prices, but now have started to tighten for churning opportunities. In many instances, churning activity continues to surpass demand. Butter demand is fair at best. Most orders are being placed for limited term needs, especially in light of weak market conditions. Some retail business is being spurred by scattered feature activity during June Dairy Month, with food service orders somewhat stronger as the summer vacation season is at hand. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis and often these prices are negotiable, especially if multiple loads are involved.

WEST

Butter sales are often noted as slower at this point in time. Contacts believe that some of the slow demand is being caused by retail prices that have remained very high. Manufacturers that have not had much inventory on hand are now beginning to build stocks. Most are surprised at the amount of cream that still needs to be churned on a weekly basis. Outlets for cream besides the churn are few and far between. Discussions are being noted about what is different about the ice cream industry this summer. Some are wondering if old imported butter is being used by the ice cream industry at this time. Weekly CME butter stocks continue to grow at a fast pace. Last week, stocks grew by 3.8 million pounds and now stand at 147.9 million pounds. This amount is more than double last year at this time. Historically, stocks have begun to fall by this time of the year. Current prices for bulk butter range from 4 1/2 cents to 2 1/2 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
	40# BLOCKS				
JUN 8	1.1792 7,702,411	1.1620 13,713,175	0.9012 25,518,566	1.0520 3,482,032	0.1665 14,552,822

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are lower except on Swiss. The market tone remains weak. Current cheese output remains seasonally heavy and most plant inventories remain burdensome. As additional schools close for the summer, more milk is pushed into manufacturing channels. Food service orders from some resort areas often remain sluggish due to less than desirable vacation weather. June Dairy Month is stimulating retail sales in selected markets.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2275-1.6925
Cheddar Single Daisies	:	1.1850-1.6450
Cheddar 40# Block	:	1.3050-1.5150
Process 5# Loaf	:	1.3350-1.5225
Process 5# Sliced	:	1.3575-1.6350
Muenster	:	1.3875-1.5950
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is weak. Current Chicago Mercantile Exchange cash cheese prices are "within view" of the CCC purchase prices of \$1.1314 per pound for blocks and \$1.1014 for barrels. The current cash barrel price should be the lowest for this week since 1997 and even further back for blocks. Current natural interest is steady to occasionally improved though supplies of most varieties are readily available. Orders are generally fair at best. Buyers may have to wait for specialty varieties to be made to order but commodity types such as current cheddar and mozzarella are generally readily available. Some extra spot interest is noted on products such as pepper jack and colby-jack blends. Juniors and good undergrades remain tight and/or held with confidence. Cheese production remains seasonally heavy. More plant operators are convinced their annual peak milk intake has been received though minimal declines have occurred from it. Cheese yields are declining seasonally with the lower fat and protein levels in incoming milk.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3500-1.6100
Brick And/Or Muenster 5#	:	1.5500-1.7250
Cheddar 40# Block	:	1.5100-2.1150
Monterey Jack 10#	:	1.7400-2.1150
Blue 5#	:	1.9075-2.2800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4700-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9175-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JUNE 10 - 14, 2002
BARRELS*	:	\$1.1225 - 1.1450 (NOMINAL)
	:	(-\$.0175) (-.0075)
40# BLOCKS	:	\$1.1300 - 1.1750 (NOMINAL)
	:	(-\$.0350) (-.0150)

() Change from previous week. * If steel, barrel returned.

WEST

Natural, process, and Swiss cheese prices all declined this week. This is the sixth time in the last seven weeks that prices have moved lower. Cash block cheese prices at the CME fell below the CCC support price this week. Demand for cheese is definitely slower and stocks are building at most locations. Buyers don't see any more downside price risk and don't believe that prices will firm much in the near future, so they are generally staying on the sidelines. Current block demand is slower than interest in processing solids. Under grade cheese is moving well to processors. Normal, local storage facilities are often full at this time so cheese has to be hauled further distances and often is going into more expensive storage facilities. Contacts are becoming more concerned about how long it will take to use up all this stored cheese. Production across the region remains very heavy. Surplus milk is often burdensome with few willing takers. Many plants would sooner sell the milk than make more cheese, but that is not an option at this time. Heat in the southwest portion of the region is beginning to take the top of the milk flow off, but not to any great extent.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2825-1.5425
Cheddar 40# Block	:	1.2850-1.4250
Cheddar 10# Cuts	:	1.4650-1.6850
Monterey Jack 10#	:	1.4750-1.6400
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.4700

FOREIGN

Domestic prices are mostly lower though the market tone is about steady. Current domestic offerings are at least adequate. Overall cheese demand is seasonally light. Recent weakness in the US dollar compared to other currencies may cause price adjustments on new arrivals.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.5300-3.0200*
Gorgonzola	: 3.2400-5.9400	: 2.0300-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9450-3.0000*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5325-1.7575*
Romano (Cows Milk)	: -0-	: 2.7225-4.9025*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.6000-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.8900	: -0-
Gouda, Large	: 2.3900-2.6500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
06/10/02	68,053	: 138,854
06/01/02	67,412	: 138,335
CHANGE	641	: 519
% CHANGE	1	: N.C.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	81	0	231	0	85
SOUTHEAST STATES	0	0	0	0	0	0

Summer heat is beginning to take its toll on milk output in the Southern region while areas in the North continue to report heavy milk volumes. Milk shipments out of Florida decreased considerably for the week at 81 compared to 231 the week prior. Shipments out were expected higher until lower milk volumes from the increased temperature were realized. This is decreasing milk intakes into Northern manufacturing plants and encouraging some balancing plant closures. Some handlers suspect that volumes may rebound slightly next week. However, volumes appear to have peaked and any excess milk produced will be readily managed. Heavy rain in parts of the North may hamper crop production schedules. Some renewed retail interest is being reported for Class I milk improving Class I sales to no better than fair. Schools continue to dismiss classes for summer recess, decreasing Class I interest. Demand for fluid milk into Class II facilities is increasing. However, fluid milk movement into Class III plants is light as mozzarella cheese demand is slow. Some Northern handlers are diverting milk away from cheese facilities and into the Midwest region. Sales of condensed skim into Class III facilities are nominal while interest for Class II skim is generally good. Into some facilities, condensed skim remains more attractively priced compared to NDM. Some locations are cutting back on their production of NDM to clear more supplies in the condensed form. Cream supplies are tightening as ice cream interest increases in the warmer temperatures. While ice cream intakes of cream remain below seasonally expected levels, multiples are generally higher. Coupled with a higher weekly average AA CME butter price, cream prices are trending higher. Lower butter prices reported for the current week may encourage multiples to trend higher in the next week. Churning activity remains generally steady to somewhat reduced as cream is diverted into ice cream and cream cheese facilities.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3917-1.4465
DELIVERED EQUIVALENT ATLANTA	-	1.3588-1.4465 M 1.3588-1.3807
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4026-1.4684

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9200-1.0250
NORTHEAST- CLASS III - SPOT PRICES	- .7500-.9600

M I D W E S T

Class I demand is steady to lighter though some promotional activities did stimulate retail sales in selected markets. Overall milk supplies remain seasonally heavy. Manufacturing plant schedules remain active though some multi-plant operations are shifting milk volumes and plant schedules to try to minimize production of slower moving products. Spot milk interest is picking up for a few specialty lines but others still are hesitant to make additional milk purchases. At least for a few plant operators, supplies have tightened enough for spot premiums to increase. Reported prices range from under \$9.00 for some out of area supplies to spot premiums of \$.25 to \$.75 or slightly more for local offerings though some discounted weekend prices were reported. More plant operators feel the annual peak in milk receipts is likely in, though through much of the upper tier of states not much real change has occurred since the peak. Further south within the region, recent bouts of hotter temperatures have had greater impact on milk receipts. Some handlers/plant operators feel that the new dairy sections of the farm bill will likely lead to larger milk volumes and lower prices than without the new changes. Cream demand is generally good for ice cream and slower for butter. Reported prices are nominal due to limited spot sales. Ice cream makers are reaping the benefit of lower butter prices and more available butter supplies. Fat and protein levels in incoming

milk supplies are steady to generally drifting lower with the sharper changes in more heavy grazing areas. Wet fields and frequent showers are hampering the first cutting harvest and quality though some fields were harvested over the weekend without rain. Making first cutting in mid-June minimizes/eliminates the chance of a fourth crop before early September. Standing water in low-lying areas continues to slow crop development as well as spraying and topdressing.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 43.00	\$ 42.00- 47.50
REPLACEMENT HEIFER CALVES	\$500.00-640.00	\$370.00-500.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.50- 43.50	\$ 44.00- 50.50

W E S T

The July 2002 Class 1 prices in CALIFORNIA range from \$12.51 in the north to \$12.79 in the south. The statewide average Class 1 price based on production is \$12.57. The average is \$0.03 higher than June 2002 but \$4.50 lower than July 2001. Milk output remains seasonally strong in the Southwest. California production is holding steady at levels slightly off the seasonal peak in the south and northward in the Central Valley. Plant intakes are thought to be in the range of 5 to 6% higher than year ago levels. Output is still increasing in the north. Milk volumes are heavy with additional milk being brought into the state to help out others. Production plants are running heavy and at levels that are not desired with current supply/demand and pricing scenarios. ARIZONA milk production is dropping slightly each week, but levels are stronger than anticipated for this time of year. The volumes are not falling as fast as expected and processing plants are running heavy. The weather has impacted milk intakes only slightly as dairy producers are doing a great job of keeping cows milking. NEW MEXICO milk output continues to outpace volumes of a year ago and is declining slightly from the seasonal peak. Milk cow numbers are steady to higher and milk output is also above last year. Second cutting of alfalfa is well underway in the southern part of the state and prices are firm. Surplus milk is moving out of state for processing and is being handled. Western CREAM markets continue to trend in a wide range depending on usage, but are generally weak. Offerings remain heavy and demand is weak. Excesses continue to end up in churns. Demand is lower than expected from the ice cream trade. The CME Grade A butter price declined to \$0.99 at midweek, but doing little to help cream demand. Western multiples increased marginally in the 108 to 126 range, F.O.B. Milk output in the PACIFIC NORTHWEST remains seasonally very strong. Weather conditions are excellent for heavy milk production. Pasture conditions have been close to ideal, but growth is maturing very rapidly. The hay harvest progresses with fits and starts. Weather continues to cause problems to get quality hay harvested. The cool spring has delayed everything and caused an abnormal maturation process to occur in much of the early harvested hay. Problems are being further compounded by frequent rain showers lowering the quality of hay that has been cut. More producers are beginning to contract grain needs for the year as they perceive that grain prices may strengthen based on weather conditions in the eastern Corn Belt. Schools continue to close for the summer recess, putting more milk into manufacturing plants. Frost was common in the eastern portion of the region over the weekend in some of the major hay growing valleys. Frost also occurred over much of northern UTAH. Temperatures as low as 27 degrees were noted in agriculture areas. Corn was hurt and small grains may have suffered quite a bit of damage because they were just starting to head out. The hay crop may not have been hurt much since most of the first cut was on the ground or in the stack. Farmer stress in the region is increasing as most feel that conditions are only worsening. Heifer prices, overall, are about steady on a light test with quality often not the best.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher. Producers are using the support price as leverage to avoid discounting spot trades. Movement is fair at best into the usual cheese, ice cream and brokerage facilities. Offerings to the CCC are alleviating excess supplies. Imported NDM is competitively priced for the good interest. Production is mostly steady to slightly lower as warmer temperatures encourage lower milk volumes. Some fluid milk volumes are being diverted to high heat production for the contractual interest. Without a change in the tilt, producers expect prices to trend steady to higher.

EAST: Prices are generally higher and the market tone is generally steady. Production is decreasing in response to lower milk supplies yet output is generally heavy. Supplies are being balanced with offerings to the CCC. Some plants are also shipping condensed skim to the Midwest for the increasing Class II interest. High heat output is increasing as required dryer time for low heat decreases. Demand is fair to good with some plants well contracted for June. Inquiries are best from brokerage firms and some cheese facilities.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - .9475 MOSTLY: .8950 - .9025
HIGH HEAT: .9300 - 1.0000

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are holding mostly steady, but the underlying market undertone remains weak. Heavy, weekly offerings to the CCC continue to be the main marketing options to move sizable quantities of powder. With seasonally strong milk production being coupled with weak cheese prices, cheese makers do not want extra milk, extra condensed, or extra NDM, to extend their production or increase yields. NDM production schedules remain heavy in the region to process heavy milk supplies from local and out of area sources. During the week of June 3 - 7, adjusted support program purchases totaled 26,627,789 pounds of NDM with 21,638,974 pounds from the West. No price changes are noted in light trading for high heat NDM. Demand is noted as seasonally light. Drying schedules are limited and mainly made to order. Processors do not want to slow down plants by running high heat powder.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8700 - .9575 MOSTLY: .8900 - .9000
HIGH HEAT: .9150 - .9500

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 7	\$.8990	14,678,374	9,084,588
May 31	\$.8993	13,223,543	9,971,631

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices remain unchanged on a steady yet lackluster market. Trading is nominal. As milk supplies diminish seasonally, churn activity is slower and buttermilk output is lighter. However, stocks remain heavy. Producers continue to await increased interest from the ice cream industry. Ice cream production is increasing yet levels remain substantially below expectations for this time of year. Off grade butter milk supplies are readily available for the light interest. Prices for report 24 in 2001 were 1.0550 - 1.1300.

F.O.B. CENTRAL: .8000 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone is weak. While cream is beginning to clear more readily into ice cream and cream cheese facilities, churn activity is at least steady, encouraging buttermilk output. Dry buttermilk production is steady to slightly lower as condensed supplies are diverted into ice cream facilities. Stocks remain heavy for the light buyer interest. Prices for report 24 in 2001 for Northeast and Southeast were respectively 1.0450 - 1.0600 and 1.0850 - 1.1550.

F.O.B. NORTHEAST: .7800 - .8350

DELVD SOUTHEAST: .8000 - .8650

DRY BUTTERMILK - WEST

Dry buttermilk prices are lower in very light spot trading. The market tone remains weak. Processors are trying to move product and lower prices are evident in the region, but not confirmed. The "big problem" with dry buttermilk is that domestic markets are slow and export prices would have to be in the 40 cents range to compete with comparable products available in the world market. Production schedules are seasonally active and higher than anticipated as cream continues to flow to the butter churners for processing. Sales of condensed buttermilk are not as active as would be expected for the season. Stocks are moderate to heavy and continue to grow.

F.O.B. WEST: .7850 - .8400 MOSTLY: .8100 - .8200

DRY WHOLE MILK - NATIONAL

Prices are unchanged on a steady market. Movement is slow but anticipated to increase as some candy facilities express renewed interest. Production is light and mostly for contractual interest, especially as dryer time is more efficiently used in the less time consuming production of NDM. Prices for report 24 in 2001 were 1.4400 - 1.6000.

F.O.B. PRODUCING PLANT: 1.1150 - 1.1850

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH JUNE 7, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)
This program-year's allocation is filled.

CHEESE -- 3,495 MT (7,705,077 LBS)#
This program-year's allocation is filled.
Includes reallocated volumes.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady to weak market. Some plants are able to clear excess condensed supplies, decreasing dryer time. However, at other locations, production continues strong and stocks are building. Manufacturers are showing resistance to further price declines yet demand remains lackluster. Trading appears to be at an impasse. Producers believe that warmer temperatures will encourage lower whey output while buyers expect further price declines. Central whey prices are reportedly non-competitive in export markets. Additional insight is expected upon the announcement of the Japanese tender. Mostly prices for report 24 in 2001 were .2925 - .2975.

F.O.B. CENTRAL: .1500 - .1650 MOSTLY: .1550 - .1650

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher. Spot interest is light with most movement occurring on a contractual basis. Lackluster cheese demand is encouraging some plants to reduce schedules, discouraging whey output. Stocks are generally in good balance with some locations unable to offer supplies on a spot basis. Inquiries are increasing, especially from some feed and brokerage firms. Prices for report 24 in 2001 for Northeast Extra Grade, Grade A and Southeast delivered were respectively .2875 - .2950, .2850 - .2925 and .3175 - .3400.

F.O.B. NORTHEAST:	EXTRA GRADE	.1625 - .1700
	USPH GRADE A	.1725 - .1900
DELVD SOUTHEAST:		.1825 - .1950

DRY WHEY - WEST

Prices are somewhat mixed in a generally weak market. Stocks remain heavy at many locations and production is heavier than anticipated for this time of year. Milk is starting to decline in the Southwest as the weather heats up and this is having some negative impact on whey output. Early reports indicate that the U.S. may have gotten most of the recent Japanese whey tender. The tender had been delayed a week because of increased paperwork requirements. The time frame may have expanded to the more normal three months rather than the earlier proposed one month. Price quote estimates are uncertain at press time ranging from within the current price range to much below the range.

NONHYGROSCOPIC: .1500 - .1775 MOSTLY: .1500 - .1650

ANIMAL FEED WHEY - CENTRAL

Prices are generally unchanged to lower on steady to weak markets. Milk replacer interest is generally stronger than Extra Grade. Prices for both milk replacer and roller ground are adjusting lower with the Extra Grade market. Delactose supplies are in balance to instances long on steady production schedules. While WPC prices continue to trend lower, delactose prices are generally unchanged and spot interest is nominal. Prices for report 24 in 2001 for milk replacer, roller ground and delactose were respectively .2450 - .2875, .2725 - .3000, .4150 - .4300.

F.O.B. CENTRAL:	
MILK REPLACER:	.1350 - .1525
ROLLER GROUND:	.1500 - .1875
DELACTOSE (Min. 20% protein):	.3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Trading activity is lighter compared to the week prior. Imported proteins from Australia, New Zealand and Canada are competitive with domestic WPC 34% supplies in satisfying feed interest. Some renewed interest is noted into ice cream facilities. Edible spot interest is most common into Mexico, Asia and contracts. Production is mostly steady and supplies continue mixed. Some plants hold heavy stocks while others are generally in balance. Off grade supplies are readily available at prices below the range. Mostly prices for report 24 in 2001 were .7900 - .8000.

F.O.B. EXTRA GRADE 34% PROTEIN: .4250 - .5000 MOSTLY: .4600 - .4975

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a weak market. While discounting is notably less compared to the week prior, contract prices for the third quarter are still expected lower. Spot trading is light and best into export markets. Inquiries are noted from China, India and Korea. Production is mostly steady to higher, as milk production slowly and seasonally subsides. Stocks are mixed with some locations well balanced and others tending to run long. Whey is a competitively priced substitute to lactose into some feed facilities. Off grade supplies are readily available at prices below the range. Mostly prices for report 24 in 2001 were .1925 - .2025.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1450 - .2625 MOSTLY: .1500 - .2000

CASEIN - NATIONAL

Casein markets remain weak. Domestic buyers continue to monitor what impact the recent EU production aid increase might have on European prices and availability. At this point, reports indicate that stocks are heavy in Europe, thus many domestic buyers do not anticipate price strength in the near future. Late Friday (June 14) afternoon, USDA will release to the public the outcome of the first round of sellback of government owned skim milk powder for casein/caseinate production. Potential domestic producers have varying opinions on the outcome of this first round of bidding. A firm Euro against the US \$, heavy European stocks, a European make allowance increase, what the first round of bidding will disclose, and the overall uncertainty of entering into casein production in the US are some of the factors potential producers are weighing in their decision making. Information on the results and details of the current bid and subsequent invitations and results can be located at this USDA web site: <ftp://ftp.fsa.usda.gov/public/dairy/default.htm>

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0500 - 2.2500
ACID:	1.8000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices are lower on a steady to weak market. Competition for market demand is encouraging some manufacturers to discount prices. Demand is fair to good. Production is heavy with some slight declines noted as milk volumes begin to seasonally diminish. Stocks are mixed with some locations carrying heavier stocks than others in anticipation of seasonal demand this fall. Prices for report 24 in 2001 were \$22.00 - 33.00.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.50 - 31.00
Excluding promotional and other sales allowances. Included new price announcements.

JUNE MILK SUPPLY AND DEMAND ESTIMATES*

Milk production in 2002/03 is raised fractionally from last month. Milk fat use has been weaker than expected and commercial dairy stocks are expected to grow. High cheese production has resulted in large supplies of whey, which, coupled with weak exports and weak demand for skim solids, are expected to result in lower prices for Class III components. As a result, the forecast for Class III milk prices is reduced to \$11.20-\$11.40 per cwt. in 2001/02 and \$10.60-\$11.60 per cwt. in 2002/03. Class IV prices are also lowered in both 2001/02 and 2002/03 as skim solids demand remains weak. CCC removals of nonfat dry milk are raised for both years. The all milk price forecasts for 2001/02 and 2002/03 are lowered.

Item	2000/01 1/	2001/02 Projection 1/		2002/03 Projection 1/	
		May	June	May	June
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	8.9	8.8	8.8	8.6	9.0
PRODUCTION	165.2	168.7	168.7	171.8	171.9
FARM USE	1.3	1.2	1.2	1.2	1.2
MARKETINGS	163.9	167.5	167.5	170.6	170.7
IMPORTS 2/	5.4	5.2	5.3	4.8	4.8
TOTAL COMMERCIAL SUPPLY 2/	178.2	181.4	181.5	184.0	184.5
USE					
COMMERCIAL USE 2/ 3/	169.1	172.6	172.3	175.3	175.7
ENDING COMMERCIAL STOCKS 2/	8.8	8.6	9.0	8.3	8.3
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.2	0.2	0.5	0.5
SKIM SOLIDS BASIS 4/	6.3	7.7	8.9	5.2	6.5
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	12.29	11.40-11.60	11.20-11.40	10.80-11.80	10.60-11.60
CLASS IV 7/	13.88	11.35-11.65	11.25-11.55	10.85-12.05	10.80-12.00
ALL MILK 8/	14.51	12.90-13.10	12.80-13.00	12.25-13.25	12.15-13.15
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	0	0	0	15	15
CHEESE	17	4	4	6	6
NONFAT DRY MILK	521	660	765	440	555
DRY WHOLE MILK	3	0	0	0	0
	QUARTERLY 9/			ANNUAL 9/	
	2002 II	2002 III	2002 IV	2002	2003
MILK PRODUCTION	43.8	41.7	41.9	169.8	172.4
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 8/	12.05-12.25	11.70-12.20	12.70-13.50	12.35-12.75	12.20-13.20
CLASS III PRICE 5/ 6/	10.55-10.75	10.45-10.95	11.20-12.00	10.85-11.25	10.65-11.65
CLASS IV PRICE 5/ 7/	10.65-10.95	10.75-11.35	10.90-11.80	10.95-11.45	10.85-12.05

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order Class III price. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-387, World Agricultural Outlook Board, USDA, June 12, 2002.

APRIL FLUID MILK SALES

During April, about 4.3 billion pounds of packaged fluid milk products were sold in Federal milk orders and California. This was 2.9 percent higher than April 2001. After adjusting for calendar composition, sales in April 2002 were 0.1 percent lower than April 2001. On an individual product basis, sales of whole milk, reduced fat (2%) milk, low fat (1%) milk, and fat-free (skim) milk increased from April 2001, while sales of buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a positive impact on the change in sales from April 2002 compared to April 2001.

Editor's Note: This data also can be found at www.ams.usda.gov/dairy/mmhos.htm.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN
FEDERAL MILK ORDERS AND CALIFORNIA, APRIL 2002, WITH COMPARISONS ^{1/}**

Product Name/ Area (Order Number) ^{2/}	Sales		Change from: ^{3/}	
	Apr	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk ^{4/}	1,479	5,984	1.5	-0.7
Reduced Fat Milk (2%)	1,338	5,411	2.7	-0.3
Low Fat Milk (1%) ^{5/}	752	2,947	8.5	1.6
Fat-Free Milk (Skim)	641	2,591	1.1	-0.6
Buttermilk	44	182	-1.9	-1.6
Total Fluid Milk Products	4,259	17,135	2.9	-0.2
Total Fluid Milk Products Adjusted ^{6/}	4,202	17,114	-0.1	-0.1
Northeast (001)	803	3,233	2.2	-0.5
Appalachian (005)	281	1,143	1.6	-1.6
Southeast (007)	407	1,639	2.7	-0.6
Florida (006)	242	980	3.6	0.6
Mideast (033)	530	2,152	3.5	0.4
Upper Midwest (030)	367	1,471	4.9	0.5
Central (032)	390	1,556	1.9	-1.0
Southwest (126)	347	1,397	3.2	0.8
Ariz.-Las Vegas (131)	105	425	4.4	3.1
Western (135)	74	297	5.5	0.9
Pacific Northwest (124)	179	719	1.4	-0.8
California (---)	534	2,121	2.9	-0.6

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk orders and California, and represent approximately 93 percent of total fluid milk sales in the United States. ^{2/} Sales by product are for all areas combined. Individual area data are for total fluid milk products. Total fluid milk products include the products listed plus miscellaneous products and eggnog. ^{3/} **Previously, this data series showed all percent changes adjusted for calendar composition. For April 2002, only percent changes, as well as sales volumes, for total fluid milk products for all areas combined are shown on a calendar composition basis. See 6/.** ^{4/} Includes flavored whole milk. ^{5/} Includes flavored fat-reduced milk. ^{6/} Sales volumes and percent changes have been adjusted for calendar composition.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, MARCH 2002**

In March 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$12.39 per cwt., \$0.52 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$15.13 in Florida to \$11.30 in Utah. In March 2001, the Federal milk order all-area average mailbox price was \$13.79, \$1.40 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	January 2002	February 2002	March 2002
	Dollars per hundredweight		
Northeast Federal Milk Order	13.24	12.91	12.48
Appalachian States <u>3/</u>	13.83	13.37	12.92
Southeast States <u>4/</u>	14.09	13.57	13.21
Florida	15.81	15.34	15.13
Ohio	13.45	12.92	12.42
Michigan	13.26	12.79	12.27
Wisconsin	13.57	13.12	12.45
Minnesota	13.50	12.75	12.22
Illinois	13.22	13.07	12.32
Northern Missouri <u>5/</u>	13.45	12.94	12.91
Southern Missouri <u>6/</u>	13.09	12.46	12.19
Corn Belt States <u>7/</u>	13.12	12.71	12.06
Western Texas <u>8/</u>	13.48	13.10	12.39
New Mexico	12.60	12.18	11.45
Idaho	12.34	11.77	11.50
Utah	12.41	11.99	11.30
Northwest States <u>9/</u>	12.81	12.44	12.08
All Federal Order Areas <u>10/</u>	13.34	12.91	12.39
California <u>11/</u>	12.48	11.73	NA

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 10 - 14, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 6/07/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,999,600	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	20,891,471	1,525,223	19,366,248	497,270,449	318,304,825	1,070,731,000	556,600,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,128,000
TOTAL	20,891,471	1,525,223	19,366,248	497,270,449	346,455,916	1,117,122,000	594,728,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 10 - 14, 2002 =	4.3	225.4	COMPARABLE PERIOD IN 2001 =	0.3	18.3
CUMULATIVE SINCE OCTOBER 1, 2001 =	109.4	5,788.2	CUMULATIVE SAME PERIOD LAST YEAR =	178.4	4,142.4
CUMULATIVE JANUARY 1 - JUNE 14, 2002 =	92.5	4,892.3	COMPARABLE CALENDAR YEAR 2001 =	61.9	2,659.8

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 10 - 14, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS		NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-		1,706,650	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-		15,668,019	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-		1,991,579	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,995,440	25,682,217	5,176,799	5.2	31.7
WEST	-0-	-0-	-0-	5,039,919	433,094,308	341,279,117	87.1	68.1
EAST	-0-	-0-	-0-	39,600	38,493,924	-0-	7.7	0.2
TOTAL	-0-	-0-	-0-	11,074,959	497,270,449	346,455,916	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/25/02 & Comparable Week 2001											U.S. TOTAL		% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.7	5.7	5.2	18.2	2.0	0.4	0.7	11.7	2.3	47.1	1,028.7	43.3	46.7
2001-Dairy	0.2	0.6	5.1	5.2	19.3	2.1	2.0	0.7	9.3	1.9	46.3	1,111.5	42.2	48.1
2002-All cows	0.2	0.9	7.8	13.6	27.4	17.1	16.1	3.5	15.5	6.6	108.7	2,200.6		
2001-All cows	0.2	0.8	6.9	16.2	28.5	14.4	18.7	4.9	12.6	6.4	109.6	2,311.5		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03						
II	12.69	12.28	12.19	11.88	11.29							
III	11.87	11.63	10.65	10.85	10.82							
IV	11.93	11.54	11.42	11.09	10.57							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm